



MONTHLY REPORT

6/2015

Note: This Report is classified and isn't transferable.

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TO OUR SHAREHOLDERS

Highlights

In June Reporty team was mainly focused on the following:

RECRUITMENT: After a long process we finished the recruitment of our core developer's team. Our development department today has 5 developers.

TECHNOLOGY: This month was mainly focused on three layers:

- a) Finish recruiting (done).
- b) Research and technology evaluation.
- c) Development.
- D) MDA Integration.
- E) Established of full demo station (In the new communication method).

For a full detailed technology summary please see **page 3**.

PATENT APPLICATION: After another meeting with our Patent's attorneys, we concluded that we can write another patent on our 'Automatic virtual router ". In short, Reporty app will choose in real time the correct channel to send the Voice, Video & Data according to many parameters that will be calculated in real-time.

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Business Development:

FIRE DEPARTMENT: We offered the fire department to be a part of Reporty first launch. We sent them an offer that said that they would be able to choose 1-2 command and control centers (they have 26) and install a Hybrid Reporty station for free for 3 months. We are in a process with them.

MUNICIPALITIES: In order to shorten the "sale" time, we decided to offer a premium package to some municipalities (they will receive the Greenfield system for free for a 3 months period – starting point at Reporty official launch). We offered that option to Rishon, Modiin, Netanya, Jerusalem and Ra'anana. The main goal of this step is to create pressure on other municipalities and to promote in the PR that City X is using Reporty system. We offered a Greenfield Reporty Station (Standalone station). We believe that after 3 months of using the system by the crowd the municipalities that are using the system will go to the next step which is – Purchasing the system (Already include in the premium offer).

CLAL INSURANCE: we had a successful meeting with Clal insurance, we thought about an interesting business model (For the future). Reporty can offer to people who ride Motorcycles to paste a sticker with a barcode on their helmets. In case of an emergency people can come with Reporty app in order to scan the barcode and to deliver it to the relevant first responder. We can do a revenue share with Clal/ other insurance companies and to sale through them those stickers (Option for the future).

PRODUCT & DESIGN (UX/UI): We decided on the MVP first design, and we recruited another full time designer in order to accelerate the design cutting process.

NON-DILUTED FUNDS: We choose Sunrise ([Click here](#)) to help us approach the Israeli chief Scientist. It's a "cheap" money and after reviewing money CEO'S and advisors we decided to move on in that process.

Technological

This month progress were focus on 5 domains:

1. RECRUITING:

This month after a period of intensive recruitment process we have closed with our final candidates. Guy Kachlon – A talented iOS developer. Has led the development of mobile application in Citibank innovation LAB. Guy will be the iOS senior developer and will be in charge of the high level logic development (UI + high level features) of the iOS App. Eduard Sinelnikov – A low level real time communication engineer with rich experience with video and audio streaming applications. Eduard has worked at Connesta developing a real-time video and audio streaming service, he will be developing Reporty's mobile video streaming platform focusing on low-latency and auto adaptive bit rates.

2. RESEARCH AND TECHNOLOGY EVALUATION:

- a. SIP Service Provider (PBX) – After researching the field we came to the conclusion we will need a SIP Service provider in order to quickly penetrate the market and leverage the SIP technology in order to integrate quickly to the authorities.

Our final candidates for SIP Service providers are two corporates – Bezeq, Partner and two start-up companies – Voicenter and GreenfieldTech. We have tested GreenfieldTech solution after a demo setup on our premises – after successful tests we have received a price offer for a complete solution. Voicenter have also deployed their solution on our premises – the tests passed successfully so far (communication tests passed) after the full tests we will receive a price quote for the service. Bezeq have also installed their

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service on our premises and is currently under testing, we have met with Bezeq representatives regarding the service price quote. After testing all 4 solutions and receiving their price offering we will choose the most cost-effective, robust and scalable solution as our SIP Service provider.

- b. SIP Client – After in-depth evaluation, testing and benchmarking of 6 SIP Clients we have chosen the solution that provides the best performance in terms of audio quality, echo-cancellation, latency, NAT traversal, Adaptive bit-rate and network roaming support. A detailed comparison table is attached to the document (SIP SDKs Comparison.xlsx). We choose linphone library (<http://www.linphone.org/>) as the best SIP SDK after the intensive benchmarking - results listed in the comparison table. We have begun integrating the library in the iOS and Android App after the implementation design. Integration is planned to be complete at the end of next week (end of Sprint #5).

3. DEVELOPMENT:

- c. RSL Desktop - The development, testing, review and integration of Reporty Streaming Library (RSL) for desktop is finished. We have received improved video streaming latency performance (100-200 m/s latency). Also this means that the Operator and C2I projects are currently under the improved LGPL license and not GPL as before (basically this means they are not Open Source projects anymore). The library will also help us integrate faster to the authorities since it could provide them, with real-time video streaming capabilities.

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- d. App Native Calls in Android – We have developed a capability of initiating a real call from our app which is transparent to the user. This means we can make UMTS calls from our App which provides the performance and reliability of a real call without the user will have to dial any number. This method will be used when VoIP is not possible due to poor network conditions and will provide us with a reliable and robust solution for emergency calls.

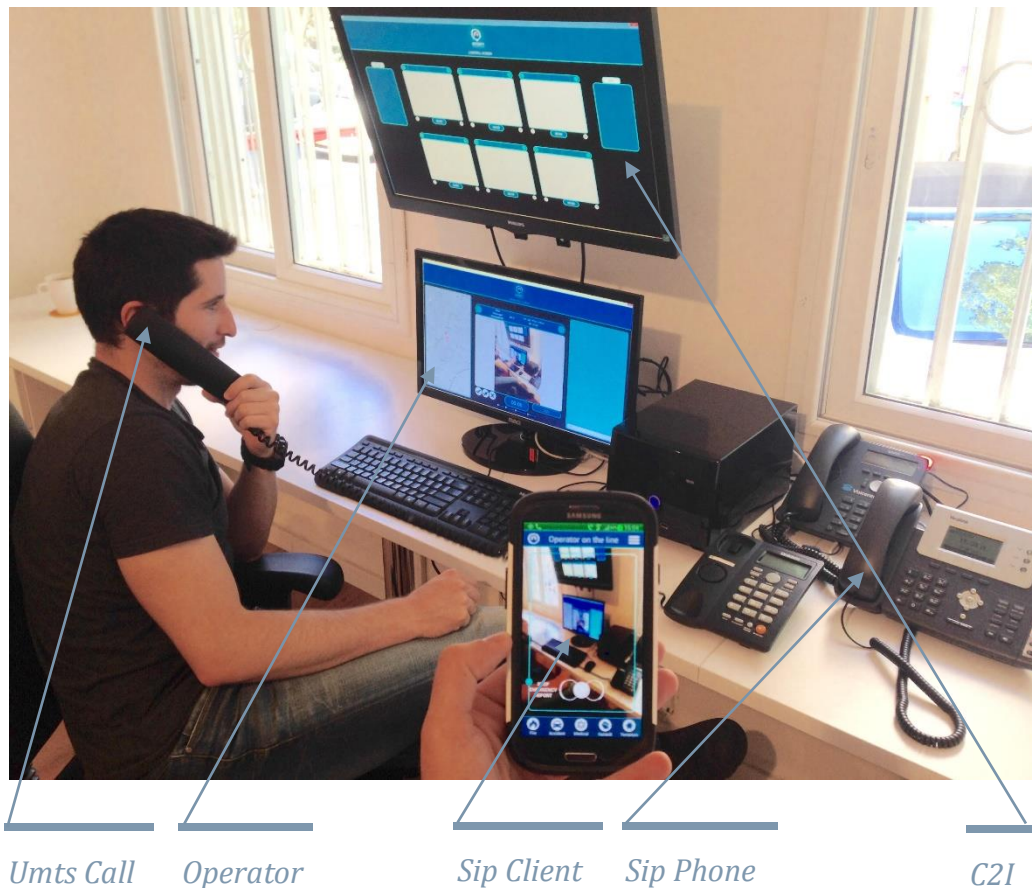
4. MDA INTEGRATION:

I have met with Eitan (development leader in MDA) and worked together with him on MDA premises on the video streaming module integration in MDA. It was agreed that we will provide MDA with video streaming library based on our RSL solution in order to accelerate the integration process.

5. DEMO STATION:

We have setup a full Reporty Demo station – C2I and Operator on premises. The station is used for testing and demonstration for clients of the latest Reporty features on Command and Control side and on the Mobile side as well while making a report from the App.

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What we demonstrate here it's a full system of Reporty new communication method. At that specific call, Alex received a regular UMTS call that start at the mobile client. At the same time the PBX sent an event to AWS (Amazon cloud) that said: 'phone number 054-xxxxxxx was transferred to dispatcher number 1'. The system received the event in the cloud and sent detailed instructions to the Mobile client where to transfer the video and the Data (Through the WI-FI connection or any other available network). Our new architecture, allow us to "Guarantee" that the call will always stay at least as better as before and in most of the cases (depends on the network communication) Reporty will send another layer of information which contains: Video (To the streaming server) and Data (Full User profile + location).

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IMPEDIMENTS

1. SIP Service Provider – Partner is the last company which hasn't yet provided us with a demo on our premises. We should check up on them more frequently and update them that we have already received demonstrations from their competitors.

NEXT MONTH

1. After evaluation of all 4 solutions we will choose the best SIP Service provider that fits our needs and integrate it in our solution as a service provider – just like we use AWS.
2. We will finish the SIP Client integration in iOS and Android – thus resulting in a low-latency and high quality audio communication between the Reporter and the authority.
3. We will provide MDA with the full video streaming solution based on the RSL library.
4. We will finish writing the Backlog for the 0.8 version.
5. We will continue the mobile application development sprints for iOS and Android towards the 0.8 App release.
6. Eduard will finish his mobile training and we will begin together the work on Reporty Video Streaming Library for mobile.

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Financial Highlights

Bank balance (1/7/2015): 2,255,260 Nis + 245,800\$ (Before VAT returns).

Burn rate: 176,835 Nis (Including Vat)

Expected burn rate for next month: ~ 240,000 Nis

Manpower: 9 People

5 Developer (According to the plan), **2 Designer** (We recruit another designer – Student job position), **business development, CEO.**

88% of our budget was burn on manpower, Next month we will pay to another 2 developers and because of this the monthly burn rate will goes up to ~ 240,000 Nis.

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Summary:

In the next month Reporty team will be focused on:

- 1) Business: Continue the corporation with the Israeli law enforcements and the Israeli municipalities. Continue the discussion with the authorities that received the premium offer.
- 2) Development: finish the SIP Client integration in iOS and Android, finish the development back log, continue support MDA integration and continue working on the iOS & Android public version.
- 3) Recruiting: We will consider to hire another iOS developer according to our business plan.
- 4) Financial: Expected burn rate in July ~ **240,000 Nis** (Under our expected burn rate).

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